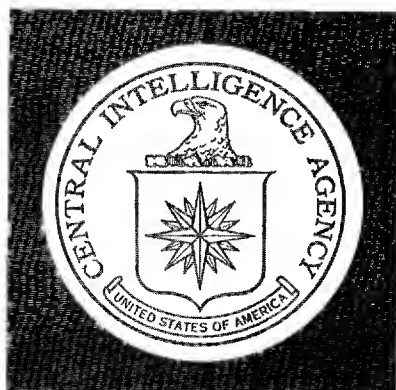


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[Czechoslovakia-USSR: The Dubcek regime continues to pick up the threads of control, but the Soviets and their allies appear impatient over its pace.

Although Soviet broadcasts have commented favorably on Dubcek's efforts to date, they have joined their fellow interventionists in warning that "counterrevolutionary" forces are becoming more active. Moscow is most concerned that Dubcek has not yet cracked down on the clandestine radios and the free press. To underline this impatience, Soviet troops yesterday reportedly sacked the publishing house of the archliberal Literarni Listi after that journal had editorially denounced the occupation and called for rejection of the Moscow agreement. The clandestine radio stations also began going off the air yesterday, presumably with Soviet assistance.

Two versions of the "complete" Moscow agreement were passed to the US Embassy in Prague on 29 August,

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Both accounts contain the usual references to a gradual troop withdrawal, an end to anti-Soviet propaganda, and an annulment of the 14th party congress. The ambassador's version, [REDACTED] 25X1

[REDACTED] also contends that Moscow will control the implementation of the Cierna and Bratislava agreements, that Soviet advisers will be attached to the Defense Ministry and all branches of the army, and that Prague's foreign policy must be coordinated with the "Warsaw Five." This report is also similar to a so-called "secret protocol" published by a West German news agency.

Dubcek and other leaders reportedly have been consulting over the last three days on how to reconcile the existence of three party central committees: the preintervention body; the group elected]

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[by the 14th congress last week, which the Soviets condemn as illegal; and a third allegedly drafted by the Soviets. [redacted] Dubcek may try to get Soviet agreement to a compromise central committee from which the conservatives most unpopular in Czechoslovakia and those ardent reformers anathema to Moscow would be excluded. Because only a party congress can elect a central committee, however, Dubcek may resort to a pro tem arrangement until the 14th congress can be reconvened. No decision on the congress has been announced, but rumors were circulating in Prague yesterday that delegates are reassembling.

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The situation in Prague has changed little. Bitterness and depression are still the dominant emotions, but the spirit of resistance continues to wane. National Assembly Chairman Smrkovsky yesterday joined other leaders in appealing for popular acquiescence to the Moscow agreement. In what was possibly the gloomiest of the leaders' speeches, Smrkovsky warned that the only alternative is a "long-term occupation administration." In his remarks about the agreement, Smrkovsky confirmed previous reports that Prague will have to quash all "political clubs" and disallow any political parties other than the Communist Party.

Additional Soviet elements from the western USSR may be moving into Czechoslovakia. On 26 August, an embassy employee reported seeing 1,000 Soviet vehicles in the Carpathian Military District moving toward Czechoslovakia. These vehicles had white stripes on their hoods similar to those seen on the vehicles used by the occupation forces in Czechoslovakia.

There have been further unconfirmed reports of Rumanian troop movements near the Bulgarian and Soviet borders on 24-27 August, but there are still no firm indications of any Soviet preparations to intervene in Rumania. [redacted] (Map)]

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Vietnam:

South Vietnam: Enemy offensive activity on 29 August again focused on the provinces around Saigon.

So far, the Communists have lost 103 killed in assaults against Trang Bang, a district capital some 26 miles northwest of Saigon, and in attacks against nearby allied positions.

Fifteen enemy mortar and rocket attacks were also reported in Binh Duong, Hau Nghia, and Long An provinces. These attacks coincided with numerous reports of stepped-up enemy troop activity along known infiltration corridors leading to Saigon.

There were few enemy initiatives elsewhere in South Vietnam, as allied spoiling operations have apparently forced enemy forces to regroup in several strategic sectors.

* * * *

The South Vietnamese cabinet under Prime Minister Huong continues to look for ways to counter Communist political activity.



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Huong's cabinet, which has been in office for three months, has recently shown greater interest in problems it may face in a postwar period. It has already formed an "inner cabinet" to prepare the broad outlines of a political action program to meet and overcome Communist activity expected after a cease-fire.

(continued)

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[North Vietnam: For the first time, the Communists are moving substantial numbers of trucks into the Laotian panhandle during the rainy season, despite heavy rains.

An average of 11 trucks per day have been noted moving south over the Mu Gia Pass from 1 to 27 August, and more than five per day are believed to have moved over another route.

The North Vietnamese made extensive improvements in the road net earlier this year, suggesting that they have been determined for some time to keep trucks moving south this rainy season. This they have been able to do only rarely in previous years.

[(Map)]

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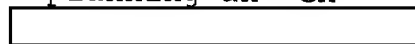
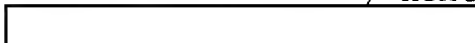
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Israel - Arab States: Israeli Defense Minister Dayan has threatened severe reprisals against Egypt for the Egyptian raid across the Suez Canal on 26 August.



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The Israelis seem to be setting the scene for a major attack against either Egypt or Jordan or, possibly, both. While there is still no evidence of preparations for a major raid on northern Jordan such as that predicted by Jordanian Viceroy Muhammad earlier in the week, Israel does have a tank concentration in occupied Syria and is planning an "exercise" there early next week.



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Morocco-Algeria: Preparations may be under way for an early meeting between Moroccan King Hassan and Algerian Premier Boumediene.

The meeting could be the price Hassan exacted for his promise to attend the African summit conference scheduled to open in Algiers on 13 September. He had earlier indicated that he would not attend the conference. Hassan's recently announced plan to visit northern Morocco beginning on 6 September raises the possibility that he may meet Boumediene before the summit, possibly at the Moroccan resort village of Saidia, where Hassan and Ben Bella conferred just five weeks before the Algerian coup in 1965.

The two most likely issues to be touched on may be Moroccan claims to parts of the Algerian Sahara, probably including recently renewed tension in the disputed border area, and the status of political exiles. The Algerians are acutely concerned over the recent activities of exiled opponents of the regime, particularly former chief of staff Col. Tahar Zbiri and Belkacem Krim. The Moroccans are likewise concerned about dissidents who have received asylum and assistance from the Algerians.

Although a Hassan-Boumediene meeting may impart a temporary warmth to Maghrebian relations, ideological differences separating the two regimes and the mutual suspicions and antagonisms between them suggest that any amity will be tenuous at best. [REDACTED]

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Philippines-Malaysia: Philippine congressional action to redefine territorial seas may end the "cooling-off" period on Sabah.

Both houses of the Philippine congress on 29 August agreed to add to a bill an amendment referring to "the territory of Sabah over which the Republic of the Philippines has acquired dominion and sovereignty." The bill now goes to President Marcos for action. He must anticipate adverse Malaysian reaction if he signs the bill, or domestic opposition if he vetoes or simply ignores it.

Malaysia has already reacted strongly to the bill. Prime Minister Rahman, commenting publicly on the version passed earlier this week by the House of Representatives, stated that Philippine action was an attempt to generate heat over Sabah rather than to ease the situation.

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[REDACTED] the bill negates Manila's claims of friendship and reduces chances of effective cooperation.

The amendment is said to have been pushed as a means of getting the Philippines' Sabah claim before the United Nations. According to a presidential legislative assistant, the Philippines calculates that if and when the redefined boundaries are submitted to the UN, Malaysia would object and thus bring the Philippine claim into UN discussion.

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Nepal: King Mahendra continues to move cautiously toward a reconciliation with members of the exiled Nepali Congress Party (NCP).

Since NCP elements in India offered to cooperate with the regime last May, there have been indications that the King favors some sort of accommodation with the party, his major non-Communist political opposition. A number of NCP politicians, imprisoned or exiled since the royal take-over in 1960, have subsequently been pardoned.

Recently Mahendra met with several NCP leaders to discuss conditions for the return of NCP exiles and their participation in Nepal's political system. The King insists on NCP endorsement of Nepal's constitution and neutral foreign policy. The NCP, for its part, seeks assurance of a significant political role, increased governmental efforts to stem Chinese Communist influence in Nepal, and the release of former NCP prime minister B.P. Koirala. Koirala, imprisoned since 1960, is the only leader in sight capable of rallying the badly disorganized NCP elements in Nepal. The King is reported to be considering a face-saving means of releasing Koirala, who has steadfastly refused to petition the King for pardon.

Although it appears that the 48-year-old Mahendra is making steady progress in recovering from the heart attack he suffered last March, his concern about his physical limitations may well induce him to consider some redistribution of responsibility while retaining paramount authority. There are indications that the 22-year-old crown prince, who returns to Nepal in October following a year abroad, will for the first time assume significant official duties.

[REDACTED] [REDACTED]

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[Guatemala: Communist terrorists have warned that the assassination of US Ambassador Mein is only the first of a series of measures designed to force the government to produce one of their leaders captured on 24 August.

The Rebel Armed Forces, in a bulletin issued on 29 August, stated that the ambassador was "executed" when he resisted an attempt to kidnap him in retaliation for the capture of its leader. The Communists charged that the news of the capture has been suppressed and that their leader is being held in a police jail where past "victims of reaction" were "tortured, broken, and assassinated."

Meanwhile, the government is trying to apprehend the ambassador's killers. House-to-house searches in Guatemala City are continuing, the police are rounding up known extremists, and the country's borders have been sealed.

The congress, on 28 August, responded to the assassination by unanimously approving a decree calling for a state of siege, suspending political and some civil liberties for 30 days. A 9 p.m. to 5 a.m. curfew has also been imposed.

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Panama: President-elect Arias plans to leave soon for travel in Germany, France, and the US prior to his inauguration on 1 October.

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[REDACTED] News media backing his National Union coalition have alleged recently that he will inherit a \$40-million debt from the Robles government. Charges that the outgoing government has squandered public funds in campaign support for defeated official candidates are probably true.

In Paris, Arias will be an official guest of the French Government for three days. Although there are no details on the purpose of this visit, the US Embassy in Panama speculates that he may wish to sound out French interest in plans for a new sea-level canal and French economic assistance to Panama.

Arias' plans suggest that he believes the long-disputed vote count for National Assembly deputies will be resolved in his favor soon. He expects to win more than two thirds of the assembly seats.

[REDACTED]

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NATIONAL INTELLIGENCE ESTIMATES

The United States Intelligence Board on 28 August 1968 approved the following national intelligence estimates:

NIE 22-1-68 "The Outlook for France" [] 25X1

NIE 84-68 "Panama: Prospects for Relations
with the US" [] 25X1

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